

NATIONAL RECOVERY ADMINISTRATION

AMENDMENT TO
CODE OF FAIR COMPETITION

FOR THE

WIPING CLOTH INDUSTRY

AS APPROVED ON SEPTEMBER 9, 1934



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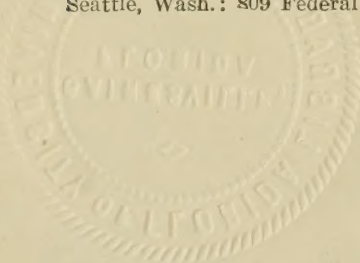
U.S. DEPOSITORY

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1934

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Approved Code No. 298—Amendment No. 1

AMENDMENT TO CODE OF FAIR COMPETITION

FOR THE

WIPING CLOTH INDUSTRY

As Approved on September 9, 1934

ORDER

APPROVING AMENDMENTS TO CODE OF FAIR COMPETITION FOR THE WIPING CLOTH INDUSTRY

An application having been duly made pursuant to and in full compliance with the provisions of Title I of the National Industrial Recovery Act, approved June 16, 1933, for approval of amendments to a Code of Fair Competition for the Wiping Cloth Industry, and hearings having been duly held thereon and the annexed report on said amendments, containing findings with respect thereto, having been made and directed to the President:

NOW, THEREFORE, on behalf of the President of the United States, I, Hugh S. Johnson, Administrator for Industrial Recovery, pursuant to authority vested in me by Executive Orders of the President, including Executive Order No. 6543-A, dated December 30, 1933, and otherwise; do hereby incorporate, by reference, said annexed report and do find that said amendments and the Code as constituted after being amended comply in all respects with the pertinent provisions and will promote the policy and purposes of said Title of said Act, and do hereby order that said amendments be and they are hereby approved, and that the previous approval of said Code is hereby modified to include an approval of said Code in its entirety as amended, such approval and such amendment to take effect ten (10) days from the date hereof, unless good cause to the contrary is shown to the Administrator before that time and the Administrator issues a subsequent order to that effect.

HUGH S. JOHNSON,
Administrator for Industrial Recovery.

Approval recommended:

ROBERT L. HOUSTON,
Division Administrator.

WASHINGTON, D.C.,
September 9, 1934.

REPORT TO THE PRESIDENT

The PRESIDENT,

The White House.

SIR: This is a report on certain amendments to the Code of Fair Competition for the Wiping Cloth Industry, and on the hearing conducted thereon in Washington, D. C., July 10, 1934.

The first amendment establishes more definitely the procedure for the support of the administration of this Code.

The second amendment increases the powers and duties of the Code Authority relative to the preparation of standard, domestic and imported classifications and specifications for products of the Industry.

The third amendment eliminates destructive price cutting, determines when a fixed minimum basis for prices shall exist, and includes the standard emergency provisions.

The fourth amendment charges the Code Authority to have formulated cost finding and accounting methods, and further limits such methods to the extent of eliminating an arbitrary uniformity of costs and prices in the Industry.

The Deputy Administrator in his final report to me on said amendments to said Code having found as herein set forth and on the basis of all proceedings in this matter;

I find that:

(a) The amendments to said Code and the Code as amended are well designed to promote the policies and purposes of Title I of the National Industrial Recovery Act including the removal of obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof, and will provide for the general welfare by promoting the organization of industry for the purpose of cooperative action of labor and management under adequate governmental sanctions and supervision, by eliminating unfair competitive practices, by promoting the fullest possible utilization of the present productive capacity of industries, by avoiding undue restriction of production (except as may be temporarily required), by increasing the consumption of industrial and agricultural products through increasing purchasing power, by reducing and relieving unemployment, by improving standards of labor, and by otherwise rehabilitating industry.

(b) The Code as amended complies in all respects with the pertinent provisions of said Title of said Act, including without limitation sub-section (a) of Section 3, sub-section (a) of Section 7 and sub-section (b) of Section 10 thereof.

(c) The Code empowers the Code Authority to present the aforesaid amendments on behalf of the industry as a whole.

(d) The amendments and the Code as amended are not designed to and will not permit monopolies or monopolistic practices.

(e) The amendments and the Code as amended are not designed to and will not eliminate or oppress small enterprises and will not operate to discriminate against them.

(f) Those engaged in other steps of the economic process have not been deprived of the right to be heard prior to approval of said amendments.

For these reasons these amendments have been approved.

HUGH S. JOHNSON,
Administrator.

SEPTEMBER 9, 1934.

AMENDMENT TO CODE OF FAIR COMPETITION FOR THE WIPING CLOTH INDUSTRY

Modify Article VI by deleting Section 5 and substituting in lieu thereof the following:

5. (a) It being found necessary in order to support the administration of this Code and to maintain the standards of fair competition established hereunder and to effectuate the policy of the Act, the Code Authority is authorized:

(1) To incur such reasonable obligations as are necessary and proper for the foregoing purposes, and to meet such obligations out of funds which may be raised as hereinafter provided and which shall be held in trust for the purposes of the Code;

(2) To submit to the Administrator for his approval, subject to such notice and opportunity to be heard as he may deem necessary (1) an itemized budget of its estimated expenses for the foregoing purposes, and (2) an equitable basis upon which the funds necessary to support such budget shall be contributed by members of the Industry:

(3) After such budget and basis of contribution have been approved by the Administrator, to determine and obtain equitable contribution as above set forth by all members of the Industry, and to that end, if necessary, to institute legal proceedings therefor in its own name.

(b) Each member of the Industry shall pay his or its equitable contribution to the expenses of the maintenance of the Code Authority, determined as hereinabove provided, and subject to rules and regulations pertaining thereto issued by the Administrator. Only members of the Industry complying with the Code and contributing to the expenses of its administration as hereinabove provided (unless duly exempted from making such contribution) shall be entitled to participate in the selection of members of the Code Authority or to receive the benefits of any of its voluntary activities or to make use of any emblem or insignia of the National Recovery Administration.

(c) The Code Authority shall neither incur nor pay any obligation substantially in excess of the amount thereof as estimated in its approved budget, and shall in no event exceed the total amount contained in the approved budget, except upon the approval of the Administrator, and no subsequent budget shall contain any deficiency item for expenditures in excess of prior budget estimates, except those which the Administrator shall have so approved.

Modify Article VI, Section 2, by adding sub-section (i) as follows:

(i) To prepare standard, domestic and imported classifications and specifications for the products of the Industry, which on approval of the Administrator, shall be binding on all members of the Industry in the purchase and sale of the products of the Industry.

Modify Article VI by adding Section 8 as follows:

8. (a) The standards of fair competition for the Industry with reference to pricing practices are declared to be as follows:

(1) Wilfully destructive price cutting is an unfair method of competition and is forbidden. Any member of the Industry or of any other industry or the customers of either may at any time complain to the Code Authority that any sale price constitutes unfair competition as destructive price cutting, imperiling small enterprise or tending toward monopoly or the impairment of code wages and working conditions. The Code Authority shall within five (5) days afford an opportunity to the member selling at such price to answer such complaint and shall within fourteen (14) days make a ruling or adjustment thereon. If such ruling is not concurred in by either party to the complaint, all papers shall be referred to the National Recovery Administration which will render a decision thereon.

(2) When no declared emergency exists as to any given product, there is to be no fixed minimum basis for prices. It is intended that sound cost estimating methods should be used and that consideration should be given to costs in the determination of pricing policies.

(3) When an emergency exists as to any given product, sale below the stated minimum price of such product, in violation of Section (b) hereof, is forbidden.

(b) *Emergency Provisions.*—(1) If the Administrator, after investigation shall at any time find both (1) that an emergency has arisen within the Industry adversely affecting small enterprises or wages or labor conditions, or tending toward monopoly or other acute conditions which tend to defeat the purposes of the Act; and (2) that the determination of the stated minimum price for a specified product within the Industry for a limited period is necessary to mitigate the conditions constituting such emergency and to effectuate the purposes of the Act, the Code Authority may cause an impartial agency to investigate costs and to recommend to the Administrator a determination of the stated minimum price of the product affected by the emergency and thereupon the Administrator may proceed to determine such stated minimum price.

(2) When the Administrator shall have determined such stated minimum price for a specified product for a stated period, which price shall be reasonably calculated to mitigate the conditions of such emergency and to effectuate the purposes of the National Industrial Recovery Act, he shall publish such price. Thereafter, during such stated period, no member of the Industry shall sell such specified products at a net realized price below said stated minimum price and any such sale shall be deemed destructive price cutting. From time to time, the Code Authority may recommend review or reconsideration or the Administrator may cause any determinations hereunder to be reviewed or reconsidered and appropriate action taken.

Modify Article VI, by adding Section 9, as follows:

9. *Cost Finding.*—The Code Authority shall cause to be formulated methods of cost finding and accounting capable of use by all members of the Industry, and shall submit such methods to the Administrator for review. If approved by the Administrator, full



information concerning such methods shall be made available to all members of the Industry. Thereafter, each member of the Industry shall utilize such methods to the extent found practicable. Nothing herein contained shall be construed to permit the Code Authority, any agent thereof, or any member of the Industry to suggest uniform additions, percentages or differentials or other uniform items of cost which are designed to bring about arbitrary uniformity of costs or prices.

Approved Code No. 298—Amendment No. 1.
Registry No. 299-1-21.

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